

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION
PUBLIC DISCLOSURE**

Minden Bank & Trust Company	401 Main Street/ P.O. Box 400
Name of Institution	Street
Minden	Webster
City	County
Louisiana	71058-0400
State	Zip Code
Mary A. Clouthier	
Examiner-in-Charge	

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CRA PERFORMANCE ASSESSMENT

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Minden Bank & Trust Company, Minden, Louisiana**, prepared by **Federal Reserve Bank of Dallas, Dallas, Texas**, the institution's supervisory agency, as of August 13, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Approximately 90% of the bank's sampled loans were located within the assessment area. In addition, 42% and 27% of the home improvement loans in Caddo and Webster Parishes, respectively, were located in low or moderate income census tracts.

Minden Bank & Trust Company (MB&T) was rated outstanding at its July 10, 1995, assessment.

DESCRIPTION OF INSTITUTION

MB&T is owned by Minden Bancshares, Inc., a one bank holding company located in Minden, Louisiana. The bank has seven branch locations, three in Minden, Louisiana, three in Shreveport, Louisiana and one in Serepta, Louisiana. The main branch is located at 401 Main Street, Minden.

As of March 31, 1996, the bank reported total assets of \$237 million and a net loan to deposit ratio of 48.93%. The bank's primary lending focus is real estate. Commercial real estate loans totaled \$29 million and represented 27.49% of the loan portfolio. Residential real estate loans totaled \$23 million and represented 21.95% of the portfolio. In addition, commercial loans and consumer loans represented 25.10% and 15.13% of the loan portfolio, respectively.

MB&T's ability to meet various community credit needs has not been hampered by its capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment area demographic and economic factors present in the assessment area, or the lending opportunities available in the assessment area. Contacts in the community indicated there was a need for commercial loans under \$20 thousand.

DESCRIPTION OF THE CADDO AND WEBSTER ASSESSMENT AREAS

MB&T has designated Caddo and Webster Parishes as its two assessment areas. The Minden and Serepta branches are located in Webster Parish and the Shreveport branches are in Caddo Parish. Both parishes are located in the Shreveport-Bossier City, Louisiana, Metropolitan Statistical Area (MSA). The MSA is located in the far north western corner of Louisiana and its boundaries abut Texas and Arkansas. The area is commonly referred to as part of the "Ark-La-Tex" region. Shreveport and Minden are the largest cities in Caddo and Webster Parishes, respectively.

Shreveport is located approximately 185 miles east of Dallas, Texas, on U.S. Interstate 20. According to the 1990 census, the population of Caddo Parish is 248,253. The economy of Caddo Parish is becoming more diversified and therefore healthier for the long term, even though the rate of growth is slow. The unemployment rate is 11.0% which compares unfavorably to the state average of 9.5%. Major employers in the Parish include, Barksdale Air Force Base; state, parish and city governmental agencies as well as several medical facilities.

Minden is located approximately 30 miles east of Shreveport on U. S. Interstate 20. The population of Webster Parish according to the 1990 census is 41,989. The economy is heavily dependent on light industrial manufacturing. Contacts in the community stated that Minden is the home of one of the best trade schools that teaches welding in Louisiana. Major employers include FiberBond, Inc., Inland Container, and Tango Transportation as well parish and city governmental agencies. The unemployment rate for Webster Parish is 12.1%.

The 1995 median family income for the MSA is \$32,400 which will be used for analysis purposes. Approximately 41% and 47% of the families living in Caddo and Webster Parishes, respectively are low or moderate income. (Refer to Income Category chart in Distribution of Credit Within the Assessment area section for definitions of income categories.)

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The CRA analysis was conducted using statistical samples of 141 consumer loans secured by motor vehicles and 52 commercial loans secured by liens on residential real estate made between December 1995 and May 1996. In addition, 79 home purchase and 124 home improvement loans made during 1995 were analyzed using data from the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR).

LOAN TO DEPOSIT RATIO

MB&T's average loan-to-deposit ratio is satisfactory in light of its performance context, which included the bank's capacity to lend, the capacity of other similarly situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area and the lending opportunities available in the assessment area.

The bank's average loan-to-deposit ratio since the last consumer affairs examination is 48.48%. The national peer loan to deposit ratio as of March 31, 1996, is 68.35%. To better understand the bank's performance in relation to local financial institutions, a loan-to-deposit ratio analysis was made of the two banks located in Webster or Caddo Parishes which MB&T considers their primary competitors. One bank was significantly larger and the other smaller. The loan-to-deposit ratios for these two bank's averaged 46.80%.

LENDING IN ASSESSMENT AREA

MB&T's lending inside its assessment areas exceeded expectations as a substantial majority of the sampled loans were located within the assessment areas. Approximately 90% of the loans reviewed were located within the assessment areas. On a dollar volume basis, 90% of the lending was in the assessment area. The following table details the bank's lending within the assessment areas by product type:

Loan Type	Number Inside	% of Total Loans	Dollar Inside	% of Total Loans
Motor Vehicle	124	88	914	87
Small Business	47	90	882	90
Home Purchase	79	93	3,635	92
Home Improvement	124	91	1,028	90
Total	374	90	6,459	81

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

MSA MEDIAN FAMILY INCOME \$32,400		
INCOME CATEGORY	INCOME RANGE AS A	UPPER LIMIT OF
LOW-INCOME	0-50%	\$16,200
MODERATE-INCOME	50-80%	\$25,920
MIDDLE-INCOME	80-120%	\$38,800
UPPER-INCOME	120% and over	over \$38,800

The bank's lending to borrowers of different income levels is acceptable as evidenced by the volume of home purchase and home improvement lending to low-or-moderate income applicants. Lending patterns for Webster Parish reflect greater lending to low- and-moderate income families than those for Caddo Parish. This is partially attributed to the competition in the Shreveport assessment area. Management indicated there are numerous banks, thrifts, credit unions and mortgage companies in Shreveport. In addition, MB&T has had a presence in Shreveport for less than two years. The following tables detail home purchase and home improvement lending for Caddo and Webster Parishes.

Caddo Parish HMDA Loans by Borrower Income Level				
	Purchase		Home Improvement	
INCOME CATEGORY	NUMBER OF LOANS	PERCENT OF TOTAL LOANS	NUMBER OF LOANS	PERCENT OF TOTAL LOANS
LOW-INCOME	0	0	10	25
MOD-INCOME	2	8	4	10
MID-INCOME	1	4	12	30
UPP-INCOME	22	88	14	35
TOTAL	25	100	40	100

Webster Parish HMDA Loans by Borrower Income Level				
	Purchase		Home Improvement	
INCOME CATEGORY	NUMBER OF LOANS	PERCENT OF TOTAL LOANS	NUMBER OF LOANS	PERCENT OF TOTAL LOANS
LOW-INCOME	3	6	43	51
MOD-INCOME	18	33	10	12
MID-INCOME	8	15	14	17
UPP-INCOME	25	46	17	20
TOTAL	54	100	84	100

These tables indicate that for purchase money transactions, approximately 8% of the lending in Caddo Parish and 39% for Webster Parish were to low-or-moderate income applicants. For home improvement loans the figures increased to 35% and 63%, respectively.

The bank does not routinely collect income information from applicants except for HMDA related loans. As a result, a meaningful income analysis could not be conducted using the consumer or commercial loan sample.

An analysis using loan amount as a proxy for income was conducted on motor vehicle and commercial loans. The analysis showed that the majority of the bank's commercial loans were under \$20 thousand. Contacts in the community stated that there was significant need for commercial loans under \$20 thousand. In addition, the analysis indicated that the bank does make small dollar loans secured by motor vehicles. The following table reflects this data.

Parish	Motor Vehicle				Commercial			
	Less Than \$1M	Percent of Sample	\$1M to \$3M	Percent of Sample	Less Than \$10M	Percent of Sample	\$10M to \$20M	Percent of Sample
Caddo	1	6	4	25	7	33	7	33
Webster	4	4	26	24	8	31	13	50

M = thousand

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the bank's distribution of loans in its assessment areas among low-, moderate-, middle-, and upper-income geographies was performed on the sampled loans. The analysis of loan distribution among the various census tracts revealed an adequate disbursement of loans. The following table details the number and types of census tracts located in Caddo and Webster Parishes that have population.

INCOME CATEGORY	Caddo		Webster	
	Number of Census Tracts	Percent of Total Census Tracts	Number of Census Tracts	Percent of Total Census Tracts
LOW-INCOME*	11	19	1	8
MOD-INCOME	16	27	2	17
MID-INCOME	15	25	7	58
UPP-INCOME	17	29	2	17
TOTAL TRACTS	59	100	12	100

* Excludes 4 low income census tracts in Caddo Parish that had zero population.

The following tables detail lending by census tract income levels for the sampled loans.

Caddo Parish Loan Sample by Census Tract								
	Home Purchase		Home Improvement		Commercial		Motor Vehicle	
Income Category	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type
LOWER	0	0	4	10	0	0	0	0
MODERATE	13	52	13	32	6	29	1	6
MIDDLE	11	44	14	35	13	62	7	44
UPPER	1	4	9	23	2	9	8	50
TOTAL	25	100	40	100	21	100	16	100

Webster Parish Loan Sample by Census Tract								
	Home Purchase		Home Improvement		Commercial		Motor Vehicle	
Income Category	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type	Loans in Census Tract	Percent of Loan Type
LOWER	4	7	10	12	3	12	4	4
MODERATE	9	17	13	15	0	0	17	16
MIDDLE	36	67	55	66	19	73	80	74
UPPER	5	9	6	7	4	15	7	6
TOTAL	54	100	84	100	26	100	108	100

Management stated that the preceding tables do not accurately depict MB&T's lending throughout the assessment area by census tract income levels, especially for Caddo Parish. Management provided an analysis of all loans made between April 10, 1996, and May 10, 1996, which they feel is more representative of the bank's lending patterns. The following table summarizes the bank's

analysis.

BANK'S INTERNAL ANALYSIS				
Income Category	Caddo		Webster	
	Loans in CT Income Category	Percent of Total Loans by Loan Type	Loans in CT Income Category	Percent of Total Loans by Loan Type
LOW-INCOME	11	8	37	9
MOD-INCOME	22	16	53	14
MID-INCOME	71	51	256	65
UPP-INCOME	35	25	45	12
TOTAL	139	100	391	100

This table indicates that approximately 24% of the lending in Caddo Parish and 23% of the lending in Webster Parish are in low-or-moderate income census tracts.

RESPONSE TO COMPLAINTS

The institution has not received any written complaints about its CRA performance since the last examination.

DISCRIMINATION

No substantive violations involving illegal discrimination or discouragement were found.